

Financial Services
Mr. Ron Y Steiger, Chief Financial Officer

SUBJECT: COMPREHENSIVE FIDELITY BONDS AND RELATED PROGRAMS

COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS

LINK TO STRATEGIC PLAN: EFFECTIVE & SUSTAINABLE OPERATIONAL PRACTICES

Procurement of fidelity bonds for School Board employees is required pursuant to Section 1001.42, Florida Statutes as well as Board Policy 8740, *Bonding*. Various types of fidelity bonds cover District employees for risks which include crime and faithful performance. Such bonds include the following:

- Public Official Blanket Bond for all District employees
- Public Official Named Position Bond for employees in Treasury Management
- Board Member Bonds
- Superintendent Bond
- Notary Bonds
- JROTC Bonds

The current sureties represent the most aggressive terms available in today's surety market.

Blanket Employee Dishonesty Bond

At the Board Meeting of May 20, 2020, the Board authorized the renewal of The Blanket Employee Dishonesty Bond Program with coverage provided by Fidelity and Deposit Company of Maryland (A.M. Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a three-year term effective June 1, 2020 through May 31, 2023 with limits of \$15 Million per occurrence and a \$100,000 deductible with year one annual premium of \$76,618 and years two and three annual premiums of \$76,617 including all fees subject to an annual re-rate or non-renewal if any losses are incurred with any changes in premiums, terms or conditions to be brought back to the Board for further authorization.

The current carrier, Fidelity and Deposit Company of Maryland, is no longer issuing policies with \$15 million limits. This is consistent with the reduction in capacity in the overall crime policy market. The carrier has offered a renewal proposal with reduced limits of \$10 million per occurrence and a \$100,000 deductible with an annual premium of \$69,629.27. In order to maintain the current \$15 million limits, staff sought quotes on a \$5 million excess Crime Policy. Hanover Insurance Company (A.M. Best A, XV), through Arthur J. Gallagher Risk Management Services, Inc., offered an excess policy proposal with limits of \$5 million with an annual premium of \$15,354.98. The combined premium total of \$84,984.25 represents a 10.92% increase in premium. Staff recommends that the Board accept proposals from Fidelity and Deposit Company of Maryland (A.M. Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a three-year term effective June 1, 2023 through May 31, 2026 with limits of \$10 million per occurrence and a \$100,000 deductible with an annual premium of \$69,629.27 and Hanover Insurance Company (A.M. Best A, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a three-year term effective June 1, 2023 through May 31, 2026 with limits of \$5 million per occurrence with an annual premium of \$15,354.98.

Public Official Named Position Bonds

Staff is recommending that the Board authorize the renewal of the Named Position Bond Program with coverage provided by Liberty Mutual Insurance Company (AM Best A, XV) through Arthur J. Gallagher Risk Management Services, Inc.; covering two (2) stipulated employees in the Office of Treasury Management, with limits of \$15 million per occurrence and a \$0 deductible with a flat renewal with an annual premium of \$121,725, with coverage provided for a one-year term, effective June 1, 2023 to May 31, 2024.

Ancillary Public Official Bonds

Staff is recommending the renewal of the ancillary Public Official Bonds which include Notary Bonds (which are issued upon request), nine Board Member Bonds, one Superintendent's Bond and JROTC Bonds. These bonds renew during the period of June 1, 2023 through May 31, 2024 at expiring rates up to \$100 per bond, with coverage provided by Liberty Mutual Insurance Company (AM Best A, XV) and RLI Insurance Company (AM Best A+, XII) (for Notary Bonds only) through Arthur J. Gallagher Risk Management Services, Inc.

RECOMMENDED:

That The School Board of Miami-Dade County Florida:

1. authorize renewal of The Blanket Employee Dishonesty Bond Program with coverages provided by Fidelity and Deposit Company of Maryland (A.M. Best A+, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a three-year term effective June 1, 2023 through May 31, 2026 with limits of \$10 million per occurrence and a \$100,000 deductible with an annual premium of \$69,629.27 and Hanover Insurance Company (A.M. Best A, XV) through Arthur J. Gallagher Risk Management Services, Inc., for a three-year term effective June 1, 2023 through May 31, 2026 with limits of \$5 million per occurrence with an annual premium of \$15,354.98, including all fees subject to an annual re-rate or non-renewal if any losses are incurred with any changes in premiums, terms or conditions to be brought back to the Board for further authorization;
2. authorize the renewal of the Named Position Bond Program at the expiring rates with coverage provided by Liberty Mutual Insurance Company (AM Best A, XV) through Arthur J. Gallagher Risk Management Services, Inc.; covering two (2) stipulated employees in the Office of Treasury Management, with limits of \$15 million per occurrence and a \$0 deductible with an annual premium of \$121,725 including all fees, with coverage provided for a one-year term, effective June 1, 2023 to May 31, 2024.
3. authorize renewal of the following ancillary Public Official Bonds: Notary Bonds, Board Member Bonds, Superintendent's Bond and JROTC Bonds, at expiring rates of up to \$100 per bond including applicable state fees and surcharges, with coverage provided by Liberty Mutual Insurance Company (AM Best A, XV) and RLI Insurance Company (AM Best A+, XII) (for Notary Bonds only) through Arthur J. Gallagher Risk Management Services, Inc., for a one-year term effective at various dates throughout June 1, 2023 to May 31, 2024.

RYS:mgf